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Political Dishonesty

denounced by

Sir Robert Borden

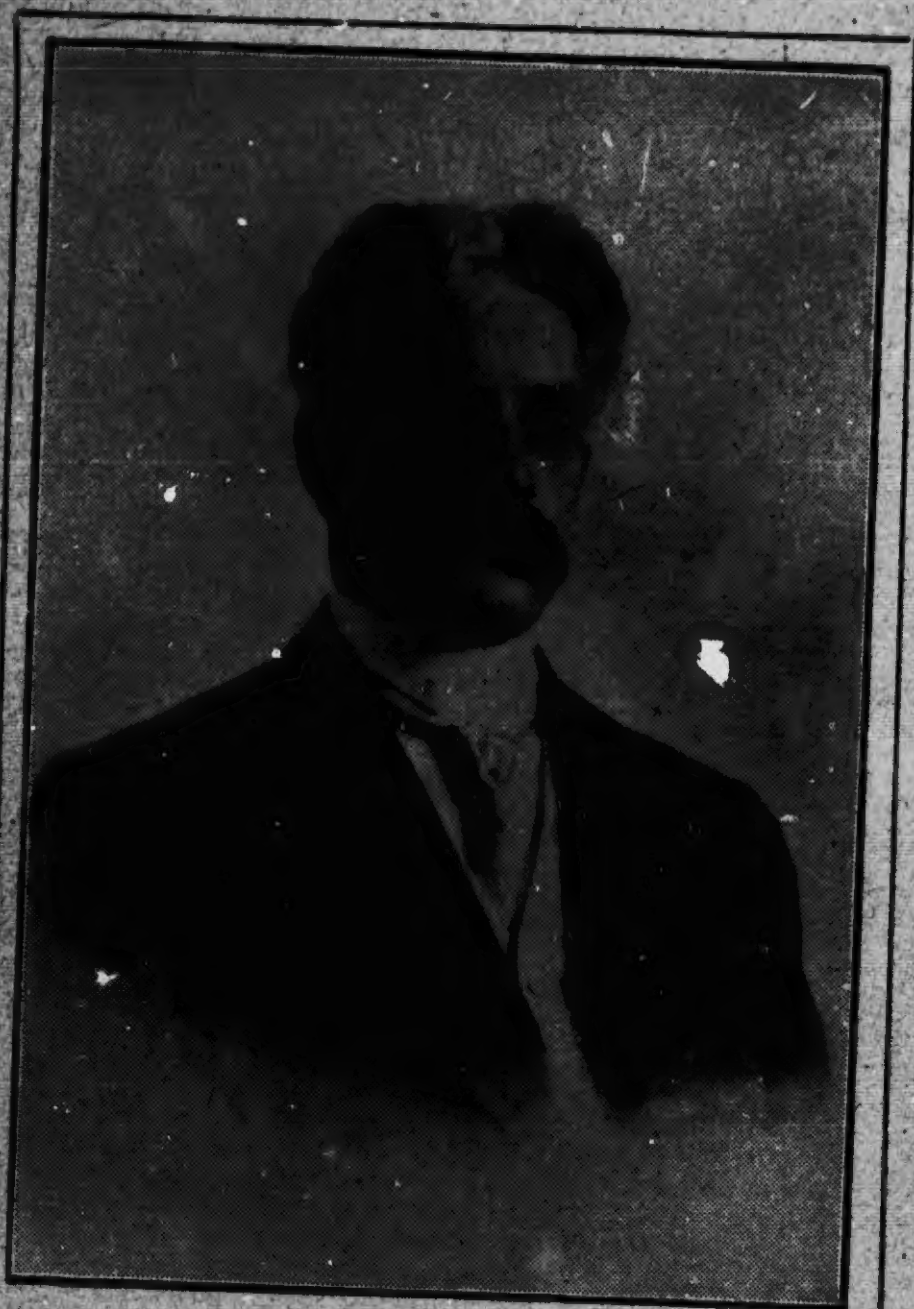
Epoch-Making Speech
by
The Prime Minister
in
The House of Commons
April 15th, 1915

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Rt. Hon. Sir Robert Borden
Prime Minister of Canada



Political Dishonesty Denounced by Sir Robert Borden.

Sir Robert Borden's speech was as follows:—

The Select Standing Committee on Public Accounts during the past six or seven weeks has been engaged in the investigation of matters which have not yet been reported by the Auditor General to the House in the ordinary course of his duties, and which, therefore, have been under consideration by that committee a year in advance of the time when they ordinarily would come under its attention. The circumstances under which this was brought about are familiar to the House, and I need not dwell upon them. Certain correspondence with regard to the Accounts was moved for and brought down, and it was suggested that that correspondence ought to be referred to the Committee on Public Accounts. This was done, and the reference carried incidentally with it the right and the duty of the committee to investigate the matters referred to in the correspondence.

Followed the course of duty.

There are two courses which a Government might take under the circumstances: One course would be to rely on technical considerations and rules, and declare to the House that such matters ought only to be investigated in the usual way at the time appointed by law and under ordinary conditions. The other, and that which we thought to be the correct course, would be to open the door wide to the fullest and freest investigation, and we took that course for the very good reason that we deemed it our right, and our duty as well, to investigate and to know of any frauds or irregularities that might have been practised upon the Government and the people of this country. One can understand the possible result of such a course, because if any fraud or irregularity or imposition is discovered, even of a comparatively trifling character, the natural and usual result is that it will

be greatly magnified and exaggerated and will create in the people throughout the country a condition of unrest which may not be fully justified by the facts.

But considerations of that kind ought not to weigh with any Government, and they did not weigh with us. Therefore, my direction to those members of the Government who were members of the Committee on Public Accounts was to make the fullest and freest investigation, and to permit inquiry into any matters whatever that might be desired by gentlemen on the other side of the House, or that might be brought to the attention of hon. members on this side. That course, I believe, was pursued to the fullest possible extent, as I will show by some references to the proceedings of the committee.

Not what the Liberals did.

I may say, in passing, that this was not the course pursued during the fifteen years immediately preceding the time we came into power, because, without dwelling upon particular instances, I may be permitted to point out that from the time of the refusal, in 1898, of an inquiry into matters of the greatest possible importance in the Yukon until the last refusal to investigate matters of even greater moment in connection with the National Transcontinental railway, there seems to have been a disposition on the part of hon. gentlemen opposite, when they held the reins of power, to restrict inquiry and investigation within the narrowest possible compass. I do not intend to go into those matters at any great length, but it is proper that I should call attention to a resolution which was moved by the hon. member for Peel (Mr. Blain) on the 13th day of February, 1908, and which is found in Hansard of that year at page 3070, the vote being recorded at page 3145. That motion is in the following terms:

The Committee on Public Accounts is constituted for the purpose of affording full and free examination and inquiry into the receipts and expenditures of public moneys and the circumstances in connection therewith.

That in the public interest the greatest possible freedom of investigation and inquiry should be enjoyed by the committee.

That any action of the majority of that committee in excluding evidence or restricting inquiry, should be subject to appeal to this House and upon request for that purpose the necessary report of proceedings ought immediately to be ordered.

Inquiry was restricted.

That does not seem to lay down any startling or unusual standard of public duty; yet when that motion was put before the House by the hon. member for Peel it was voted down by the gentlemen on the other side of the House, then occupying the seats of office, and that motion of the hon. member for Peel to establish a most necessary and proper safeguard in the public interest was denied by my hon. friends on the other side when they sat where we sit to-day. Not only that, but in the committee itself inquiry was restricted in a very unusual manner, in a manner which it seems to me was not consistent with the public interest of this country. On the 9th day of May, 1906, a certain question arose in the Committee on Public Accounts. The Government of the day was represented on that committee by two ministers of the Crown; one of them, the Minister of Finance, the guardian of the public treasury, and the other the Minister of Justice, the man whose duty it would be, under the constitution, to take proceedings against any persons guilty of fraud against the Government of this country by raids upon the public treasury. Mr. George T. Merwin was under examination and during his examination he was asked to state the price he had paid for an engine sold to the Government by him, and he refused to do so. Thereupon a member of the committee requested the chairman to rule whether the witness should or should not answer. The chairman of the committee, now an hon. member of the Senate, ruled that a business man was not obliged to divulge his private affairs. A member of the committee having asked the chairman to direct the witness to answer the question and the chairman having declined to so direct him, the said member appealed from the ruling of the Chair and the ruling of the Chair denying that right to a member of the committee, a representative of the people in Parliament, was sustained. Among others who voted on behalf of the Government of the day to deny that right to the representatives of the people in this Parliament were the Minister of Justice and the Minister of Finance of the day.

"If any wrong-doing, I wanted to know it."

If there was any wrong-doing in connection with public expenditure, and particularly in connection with the

this Government wanted to know it, especially I desired to know it and the Minister of Militia and Defence also. I spoke to the Minister of Customs (Mr. Reid) who is a member of the Public Accounts Committee, with regard to the scope of the investigation. I spoke to him in the presence of the Minister of Militia and Defence (Major General Hughes) and I informed him—and my observations in that regard were emphatically seconded by the Minister of Militia—that we desired the widest possible scope given to that inquiry. If there had been any wrong-doing in connection with political expenditures, we desired it to be investigated to the full. We proposed that if wrong-doing should be discovered, restitution should be made and punishment should follow. And so the Minister of Customs in the Committee on Public Accounts adopted, as undoubtedly he would have adopted even if he had not been so informed by me, the course to which I will take the opportunity of referring the House. On the 24th day of March last Mr. Reid said in the committee:

I want to say that if there is any information the committee want, or any wrong-doing, then as far as the Government is concerned we want to ferret it right to the bottom; we do not want to shield any person.

And on the next day, the 25th of March, he said:

The Government is determined to protect fully the interests of the country in this and in all cases and to take such proceedings as may be necessary for that purpose.

To the very utmost limit.

And again on the same day he said:

I want to repeat here again that so far as the Government is concerned they want to prosecute their investigation to the very utmost limit.

And subsequently he said:

As representing the Government I have stated that we want to get to the bottom of these matters.

And on the 9th day of April he said:

I also want to say that so far as going into these or any other matters in connection with the Militia or any other department, the Government are not only willing but anxious to go into them from start to finish and get the true facts out in order that if there has been any wrong-doing, either restitution shall be made or prosecution be undertaken, to put matters right.

And later on, on the same day, the 9th of April, he said:

So far as there matters under investigation are concerned, or any others in connection with the Militia or any other department that have been brought up here, it is the intention of the Government to further the investigation and get to the bottom of every matter. We will follow this investigation from now on until we see exactly whether there are any other matters where there has been any wrong-doing.

On the 9th day of April some question arose about the investigation and the Minister of Customs again said:

I want to have it also understood that it is not the Government who are responsible for stopping any investigations.

Mr. Carvell: I thought we had put that very plainly.

Mr. Kyte: That is perfectly understood.

The Powell drug contract.

I now come to the matters that have been reported to the House by the committee. The one which appears first in my notes is that which is known as the Powell case.

Let me observe here for the information of the House and of the country that every one of the matters upon which the committee has thought it worth while to report to this House occurred during the first six weeks of the war, during a time when there was the greatest possible stress and urgency, and when it could not reasonably be expected that such attention could possibly be given to the safeguarding of the public interest as has been possible ever since that early stress and urgency passed away. The order for supplies in connection with what is known as the Powell case was given on August 24 last, and it is described as a rush order. Some evidence was given before the committee by a man named Shaver, who declared that he had been informed by Col. Jones, now General Jones, that the Government did not desire to purchase directly from manufacturers and producers, but that it desired to employ the services of middlemen.

An absolute untruth.

Evidence has been given by the director of contracts, Mr. H. W. Brown, by the Deputy Minister of Militia and Defence, General Fiset, by the Quartermaster General, General Macdonald, and, I think, by other officers of the Department of Militia, that no such principle or practice has ever been laid down or known in the Department of Militia and Defence since this party came into power.

Further than that, one of these men—perhaps more than one—states that he does not believe that General Jones ever said anything of the kind, and I do not believe that he ever said anything of the kind. I say that if General Jones ever did make any such observation to Mr. Shaver or anybody else, his conduct must be called into question by this Government, and if he is not able satisfactorily to deny the assertion that he used such language, he is no longer fit to hold a position in the public service. But, in the meantime, I do General Jones the credit of assuming that he never said anything of the kind. I shall not condemn him upon the testimony of this man Shaver, confronted, as it is, by the testimony of other reputable men in the department who are appointees not of this Government, but of the Government of hon. gentlemen opposite. I know General Jones very well; he is a native of my own city of Halifax, and an honourable man, so far as I know him. He is the son of a man who filled an important position in the public life of this country, the Hon. Alfred G. Jones, a member of Mr. Mackenzie's Government, and afterwards Lieutenant Governor of the province of Nova Scotia. I, for one, absolutely refuse to believe for a moment that Guy Carleton Jones ever told Mr. Shaver or any one else the absolute untruth that any such principle or practice was ever laid down by the Department of Militia since we came in power. The transaction itself presents features of a very unsatisfactory character, as one is bound to admit at once. So far as I am concerned, I propose not to attempt to shield any one, Liberal or Conservative, but to mete out what I think to be justice to every man concerned in any of the transactions which have been under review.

Public honour must be vindicated.

A purchase was made through Mr. Powell, a very young man, who was in the employ of a company known as the Carleton Drug Company. He was receiving a salary of \$75 a month. His duties were very exacting, according to the evidence; he began his work very early in the morning and continued it until very late at night. He was enabled, under circumstances to which I shall refer a little later, to make a contract by which in a few weeks he received a profit of about \$9,000, equivalent to ten years' salary at the rate he was receiving. It is perfectly

true that a portion of that profit, some \$2,600, was withheld, through the vigilance of Mr. H. W. Brown, director of contracts, and it is also true that during the progress of the investigation before the committee a further sum of \$6,300 was restored, after a motion had been made by the Minister of Customs recommending that the whole matter should be committed to the Department of Justice for such further investigation and proceedings as might be found necessary to protect the public interest. I desire to say that any further investigation that may be required for the purpose of further restitution, if any is deemed possible and any proceedings of whatever character that may be found necessary to vindicate the public honour and the public interest, will be undertaken by the Department of Justice.

Let me read the report—because I should like to make the record complete—which the committee has made to this House with regard to the Powell contract:

Your committee ask leave to submit to the House the evidence taken in respect to the contracts for such supplies purchased from Mr. H. Powell, and to express their opinion that the contract for such supplies does not appear to have been so worded as to fully protect the public interests.

Your committee therefore recommend that the evidence adduced, and all papers connected therewith be referred by the House to the Department of Justice, for any further investigation, if necessary, for the recovery of any moneys overpaid, the holding back of any moneys not yet paid over, and the taking of such further action as may be warranted by the facts.

That is the resolution which was moved by the Minister of Customs in the Committee on Public Accounts, and which was followed by the repayment by Mr. Powell to the public treasury of the sum of \$6,300.

The purchase of binoculars.

The committee has also reported to this House certain evidence and a certain finding with regard to binocular glasses. Their report is as follows:

Your committee have had under consideration the purchase of binocular glasses for the Canadian expeditionary forces and beg to report to the House the evidence and documents in connection therewith.

From the evidence it appears a number of binocular glasses were of poor quality, low range and inferior efficiency, but passed inspection and were paid for at an excessive price; and this was due to misrepresentation and inadequate inspection. Your committee therefore recommend to the House that the said evidence and

all documents connected therewith be referred to the Department of Justice, with instructions to enforce restitution and to take such further proceedings as the law will permit.

It is not necessary that I should go into the facts, nor will the time at the disposal of the House under present conditions permit me to do so. The crux of the whole matter is that 166 out of the 2,175 glasses were of inferior quality and were not worth the money which the Government of this country paid out of the treasury for them. It is only fair that I should read to the House a letter which I received yesterday from a gentleman whose name has been associated with the matter:

Ottawa, April 12, 1915.

Right Hon. Sir Robert Borden, G.C.M.G.,
Prime Minister of Canada,
Ottawa, Ont.

Dear Sir,—I note by the public press that a resolution has been adopted by the Public Accounts Committee, recommending that the purchase of binocular glasses by the Department of Militia and Defence be referred to the Department of Justice, for its consideration.

As one of the contractors, I am very anxious that my dealings with the Ellis Company of Toronto should be thoroughly investigated by a judicial officer at the very earliest possible moment. I was not represented by counsel before the Public Accounts Committee, and I did not have an opportunity of presenting my side of the case in as complete a manner as I would have liked. If I have been guilty of any impropriety, either legally or morally, then I am extremely desirous that an impartial tribunal should so declare, and in such an event, it will give me great pleasure to make all the amends possible in connection with the matter.

I would therefore deem it a very great favour if you would kindly arrange to have the Department of Justice expedite this matter, and if the same is referred to a judicial officer, such as one of the judges of the Exchequer Court for investigation, I will facilitate and expedite the investigation, in so far as it is in my power. I would feel under very great obligation if such action could be taken immediately.

I beg to remain, Sir,

Your obedient servant,

T. M. Birkett, Jr.

Justice will be done to all.

I pronounce no judgment on Mr. Birkett's relation to the case, but this seems a very fair and manly letter in which he desires an early and thorough investigation; and, so far as the Government is concerned, it is disposed to give to him and to every other person connected with these matters the opportunity of that investigation and

inquiry at the earliest possible moment. If unfounded suspicions have been cast on any person in this connection, it is only fair to them that the truth should be known. On the other hand, if there has been any fraud or imposition practised on the Government and people of this country, not one moment's delay should be had in bringing the matter to the most thorough and careful investigation that can be provided for.

So far as the binoculars are concerned, I do not know precisely what the excess in price may amount to. But we propose to give, through the Department of Justice or by such other means as may be found necessary and adequate for the purpose, the fullest, freest and most searching inquiry into this matter that can be devised. If, on the one hand, any man's conduct has been impugned, if undeserved criticism has been passed upon him, let that be known; if on the other hand any moneys have wrongfully been extracted from the Public Treasury by excessive prices let us know that also. Further, let us take the most prompt and energetic means to provide that restitution shall be made and that persons guilty of wrong-doing shall be punished so far as the law will permit.

The purchase of horses.

The next, and not the least important, subject touched upon by the Public Accounts Committee is the purchase of horses in the Maritime Provinces, and particularly in the province of Nova Scotia. It seems that in August last it was necessary to purchase about 8,000 horses for despatch with the first contingent. Hon. gentlemen who remember what was transpiring at that time will not fail to recollect that there was urgent and emphatic demand from the country that the first contingent should be sent to the front at the earliest possible moment. That contingent was ready to go to the front fully organized and equipped within six weeks from the outbreak of war, although it did not go until a little later by reason of the necessity for adequate convoy. But any one who realizes what it means for a country with no greater military preparation that Canada had at that time, to arm and equip 33,000 men, in every branch of the service, with all the complex organization which forms part of a modern army—with guns, horses, rifles, munitions of war, all the sixty-six articles with which each soldier going

to the front must be provided,—will also realize that there was some haste and stress and urgency in the Department of Militia at that time. I should like it also to be remembered that we were entitled to trust, and we did trust, to the officers of the Department of Militia and Defence, the greater number of whom had been appointed by gentlemen on the other side of the House when they held the reins of office; and we had seen no reason to suspect that any irregularity would take place; nor so far as this part of it is concerned, do I know of any irregularity except a very great indiscretion on the part of one of the officers to which I will allude later on.

Militia officer suspended.

This reminds me, with regard to the binocular glasses, that the report of the committee complains of two things, viz., misrepresentation and inadequate inspection. So far as the misrepresentation is concerned, I have already informed the House that we propose to take immediate and effective proceedings through the Department of Justice to ascertain the actual facts. So far as the inadequate inspection is concerned, we depended upon an officer of the department who was appointed by hon. gentlemen on the other side of the House, when they were in office, as far back as 1906. My hon. friend the Minister of Militia has felt it his duty—and I absolutely agree with him—that, pending further investigation, **he should suspend, and he has suspended, the officer who is responsible, if any one is responsible, for that inadequate inspection.**

Let me come back to the subject of the horses. It was necessary to provide in great haste about 8,000 horses. I have taken up with my hon. friend the Minister of Militia and Defence the general system by which horses are purchased by the department. He informs me that when he came into power he found a system by which persons selected by the department were sent out to purchase horses, and the price eventually paid by the Government to them was supposed to cover not only their travelling expenses but the remuneration which they should receive for their services.

Mr. PUGSLEY: Would the Prime Minister repeat that?

System the Liberals adopted.

Sir ROBERT BORDEN: I understand from the Minister of Militia that when he came into office he found a system under which men were sent out to purchase horses, and the price paid to them for the horses was supposed to cover their travelling expenses and also remuneration for their services. I am informed that there was no distinct dividing line between the particular price the country was paying for the horse and the amount that was being paid to the agent for his commission and travelling expenses. The price paid by the department to the agent so sent out represented not only the amount that he had paid for the horse, but also his expenses and his commission.

Sir WILFRID LAURIER: Agents sent out of the department?

Sir ROBERT BORDEN: Employed by the department. The Minister of Militia can make a fuller explanation; but just now I am submitting to the House the information he has given to me. He told me that the course which he decided to pursue was this: that the persons who were employed to purchase horses must be paid at a distinct rate for their services and their travelling expenses, and that for each horse purchased the Government must know the exact price. That was accomplished by giving a credit to some responsible person in whom the department had confidence, and that agent, together with a veterinary surgeon who accompanied him, and whose duty it was to examine and pass upon each horse, was authorized to sign cheques upon that credit so established or to give orders upon that credit. Under the rule which the Minister of Militia laid down, and which he understood was being followed, a cheque or order must be given for each individual horse, and the person selling the horse must endorse that cheque or order so that in respect of every horse purchased by the Department the Government would know the precise sum that it had paid. If that had been carried out, I think hon. gentlemen on both sides of the House will say that very effective safeguards would have surrounded the purchase of horses for the Department of Militia. There you had, in the first place, a purchasing agent in whom the department had confidence; and, in the second place,

a veterinary surgeon who was to pass upon the soundness of the horse, his age, and condition, and everything of that kind; and, in the third place, you had a cheque or order drawn to represent the price paid by the people of this country in respect of each horse, which was also identified so that there could be no palming off of any other horse for the one actually purchased.

Should not have been appointed.

It seems that during the course of this war an hon. member of this House went to Col. Neill, the principal veterinary officer, and urged that horses should be purchased in the Maritime Provinces seeing that they were being purchased elsewhere in Canada. I shall refer a little later to the statement in connection with this subject which has been given to me by the hon. member for Kings, N.S., (Mr. A. De Witt Foster). At all events Mr. Foster was employed to purchase horses in the Province of Nova Scotia, and he did undertake the duties of purchasing agent. For this purpose, a credit of a very considerable sum, about \$73,000, was established and eventually paid out for horses purchased in that province. The hon. member for King's, N.S., was not the only person employed in the province of Nova Scotia or in the Maritime Provinces. Major L. B. Anderson purchased horses to the number of 195 in New Brunswick and Prince Edward Island. The hon. member for Kings, N.S., purchased horses to the number of 428 in Nova Scotia. Mr. Walter Crowe and Mr. E. C. Thurston purchased horses to the number of twenty in Cape Breton; and Mr. H. B. McLeod and Mr. E. C. Thurston purchased horses to the number of 116 somewhere in the Maritime Provinces, I do not know precisely where.

Mr. Foster was appointed as purchasing agent without the knowledge, consent or approval of any member of the Government. I knew nothing of it or I should certainly have absolutely prevented his undertaking any such duties. The Minister of Militia knew nothing of it, and he informs me that if he had had any intimation of it he certainly would never have consented that Mr. Foster, a member of this House, should undertake the duties of purchasing agent for the Government. Mr. Foster was appointed by Col. Neill, the principal veterinary officer, as were also these other gentlemen to whom I have alluded.

ed. And lest there should be in the minds of the people of this country the idea that political considerations influenced the Government in these appointments, I may point out that all the other gentlemen who were appointed to purchase horses in the Maritime Provinces were, as I am informed, members of the Liberal party. I do not know any of them personally except Mr. Crowe. Mr. Walter Crowe has been one of the strongest standard bearers of the Liberal party in the county of Cape Breton for the past twenty-five years, and I have not a word to say against him. He is a member of my own profession. I have known him for many years, and, so far as I am aware, he is a capable and honourable man; but certainly he was not selected by reason of his political opinions, because he has been one of the strongest opponents of the Conservative party in this country ever since I have known him.

Mr. MACDONALD: I am satisfied that he was appointed on account of his being an officer in command of the Field Battery at Sydney.

Sir ROBERT BORDEN: I am informed that he had been an officer in days gone by, but that he had retired.

Mr. MACDONALD: It was in his military capacity solely that he had to do with horses.

Sir ROBERT BORDEN: He had ceased to have any connection with military affairs. How valuable military knowledge may be in the purchase of horses, I do not know. In Great Britain strong criticism has been made of the selection of only military men for the purpose, it being alleged that they have not the knowledge and experience to discharge that duty as efficiently as it might be discharged by others.

The Foster prices lowest.

In justice to Mr. Foster, I should give the prices paid by the respective purchasing agents. The horses purchased by Mr. L. B. Anderson in New Brunswick and Prince Edward Island cost this country on an average \$225.70; the horses purchased by Mr. Crowe and Mr. E. C. Thurston averaged \$187.50; the horses purchased by Mr. H. B. McLeod and Mr. E. C. Thurston averaged \$186.64; and the horses purchased by Mr. Foster and those who were associated with him cost on an average \$170.54. It is but fair

to Mr. Foster that fact should be made plain to Parliament and to the people. The Public Accounts Committee have made a special report which I now place before the House:

Your committee have had under consideration the purchase of horses for the Militia Department in the province of Nova Scotia, and beg to report to the House the evidence and documents in connection therewith.

Your committee are of the opinion that the evidence respecting the purchase of horses in Nova Scotia discloses circumstances of such unsatisfactory character that further investigation and action are necessary, and they recommend that the said evidence and all documents connected with the matters aforesaid be referred to the Department of Justice with instructions to make such investigations, to institute such prosecutions and to take such proceedings as may be found necessary to protect the public interest.

And your committee recommend that a further investigation should be made by the Government in regard to any irregularities which may have taken place in any other province of Canada, where such steps will be authorized and warranted by evidence or information of credible persons.

As far as Mr. Foster's appointment is concerned, apart altogether from any comment upon the manner in which he discharged his duties, Colonel Neill never should have appointed him and Mr. Foster never should have accepted the appointment. It is suggested that Colonel Neill was not aware that Mr. Foster was a member of Parliament. I do not know about that. Colonel Neill is at the front and his evidence could not be obtained, but I have hesitation in saying that, if Colonel Neill did know that Mr. Foster was a member of Parliament and appointed him to discharge the duties of a purchasing agent, he showed no such discretion as I would expect from an officer of his position and experience. It follows necessarily from this that it was most unfortunate and regrettable that Mr. Foster should have accepted any such duties: it was a most regrettable occurrence. Upon that I shall make some observations later. But having undertaken to discharge the duties of a purchasing agent for the Government and the people of this country, it devolved upon a member of Parliament above all other men, if you can imagine him undertaking such duties, to see that the most careful and most scrupulous account was kept of every dollar of the public money entrusted to him.

Such a course cannot be tolerated.

I regret to say that the evidence—Mr. Foster's own evidence—convince me that he did not have such proper

regard to that imperative duty as his position demanded. We are confronted with the extraordinary situation that, the Government having placed \$73,000 in the hands of Mr. Foster and a veterinary surgeon, have up to the present time had really no accounting for the money so entrusted to them. It may be perfectly true as has been represented by gentlemen to me on Mr. Foster's behalf, that in the ordinary course of business where men are sent forth to buy horses, cattle, or other animals, the mere production of the animal is in itself a sufficient receipt, but I venture to believe that all the members of the House will agree with me that **no such course of procedure as that can for one moment be tolerated in connection with the public affairs of this country.** No vouchers are produced and there seems to have been very little effort on the part of the persons concerned to have them produced. The matter, even after it had come before the Public Accounts Committee, seemed to have been treated in the most casual and extraordinary manner by the persons chiefly concerned.

Evidence has been given of some fraud or imposition practised upon the Government in connection with this matter by certain persons who sold horses to the Government. **Some of the most disgraceful and cynical passages that were ever uttered in the presence of the Public Accounts Committee have occurred in the sworn testimony of certain men brought before that committee as witnesses in this matter—men who did not hesitate to declare upon their oath that they were defrauding the Government; that they knew they were defrauding the Government; and rejoiced in the opportunity to do so.** So far as these men are concerned, I make this statement: **First, if the laws of this country permit the courts of justice to enforce restitution against them that restitution will be enforced; secondly, that if those laws permit the walls of the penitentiary to encircle them, they will go there.**

The duty of the Government.

What is the duty of the Government? The duty of the Government is to make the fullest and most determined investigation into the whole matter. The duty of the Government is to see that there is a proper accounting, by all persons concerned, for the sum of

\$73,000 of the public money of Canada, and the duty of the Government will not stop there. Horses purchased elsewhere in the province of Nova Scotia and in New Brunswick, and possibly in other parts of Canada, seemed to have been purchased at a higher price than those with which we are concerned at this moment and we shall make inquiry into these matters wherever it appears to us that there is any reasonable justification or cause for that inquiry. I have spoken of what took place in connection with the furnishing of horses for the first contingent. Those horses were provided and purchased under great stress and in great urgency. I might fairly refer, I think, to the fact that when opportunity offered, after the stress and urgency had passed away we appointed a man whose character, ability and position are above question, Sir Adam Beck, to purchase horses in all the provinces of Canada east of the Great Lakes. In the western provinces my hon. friend the Minister of Militia and Defence (Maj.-General Hughes) appointed a man whom I do not know as I know Sir Adam Beck, but who, as I understand from the best information available, has thoroughly safeguarded the public interest in Western Canada as Sir Adam Beck has certainly safeguarded the public interest in Eastern Canada.

Let me call it to your attention that during the past eight months the Government have purchased nearly 20,800 horses in Canada, that about 8,000 of them were purchased during the early weeks of stress and urgency, so that, notwithstanding all that has been said and the clamour that has been raised, and without minimizing in the slightest degree our responsibility to probe the whole matter to the bottom, it does seem to me that very little has been brought forth during the six weeks' investigation by this committee.

Better system will be welcomed.

A further resolution is before the House, moved in the Committee by a Conservative member, the hon. member for Kingston (Mr. Nickle), in the following terms:

In view of the evidence adduced during the course of their inquiry into the matters referred by the House to them, your committee desire to draw the attention of the House to the requirement for the inauguration of a system of purchase, inspection and audit that will adequately protect the country from irregularities and frauds.

With any movement for a better system of purchase, inspection and audit as far as it can be devised, I am thoroughly in sympathy, and I will have something to say in regard to that before I conclude my remarks. With respect to the enactment of legislation for this purpose, may I say to my hon. friend from Kingston, to all the members of this House and to the people of this country, that there never has been any such legislation devised as will absolutely prevent fraud so long as there are dishonest people in the world.

The only thing that will accomplish this is raising the standard of public opinion and having conduct such as this made so absolutely abhorrent to the public sense of the country that it will eventually drive it out. But, in so far as legislation may aid, I am perfectly prepared to bring down to Parliament any legislation that may be recommended. As soon as this resolution was passed, it was brought to my attention; and I sent immediately for my colleague, the Minister of Finance, and asked him to convene the deputy minister of his department, the Auditor General, and the Deputy Minister of Militia and Defence, as that department has chiefly been under consideration, and to ascertain from them, and especially from the Auditor General himself, whether any further legislation was required and should be adopted at this session. If any further legislation appeared necessary or even desirable, I for my part was willing to forward it and expedite it and endeavour to have it passed.

A minimum of irregularity.

With regard to the whole question of purchases by the Government since the war broke out and the danger of fraud being practised upon the Government under conditions of urgency which have not absolutely disappeared as yet, I will in a moment make a statement of some importance; but in the meantime it is desirable, in view of the exaggeration which has prevailed respecting the matter, to point out this: the committee on Public Accounts has for six weeks or more been engaged in investigating an expenditure of \$50,000,000 for war purposes. I have made it absolutely clear to the House and to the country that we have imposed no limit upon that investigation; more than that, that my colleagues and all the Conservative members upon this committee, have

themselves insisted upon investigation to the fullest possible extent. What I am about to say is not to be understood as minimizing the importance of the loss of a single dollar to the public treasury, because not one dollar ought to be lost; but I think it is worth while to point out that after a most searching inquiry and investigation for six weeks conducted in a spirit which certainly did not desire to hide anything that could be brought out to the discredit of the Government and its Administration, the total net result is that in respect of the Powell contract \$6,300 are to be shown overpaid; that in respect of the binoculars I would estimate the amount overpaid at \$3,000 at the outside—I am taking 166 binoculars and allowing, roughly speaking, \$20 overpaid in respect of each pair—and that in respect of the horses, so far as I can gather from the evidence, nothing has been shown up to the present time to indicate that more than a like amount, that is, \$3,000, has been lost to the country if even that amount has been lost. So that at the outside there is a total net result of \$12,000 out of \$50,000,000, or one-fortieth of one per cent. Of that amount the sum of \$6,300 has already been recovered, leaving not more than \$6,000 or less than one-eightieth of one per cent of an expenditure of \$50,000,000 as the sum in respect of which all this clamour has been raised by hon. gentlemen opposite. My hon. friend from Red Deer (Mr. Michael Clark) the other day, at the conclusion of a very eloquent speech, asked us to turn away from the horrors of the Public Accounts Committee. Might I ask him to turn his gaze upon the inferno of the Ferguson report?

Mr. MICHAEL CLARK: Might I interrupt my right hon. friend to the extent of saying that I asked that the soldiers' gaze might be turned away from the horrors of the Public Accounts Committee; and I would like also, if his courtesy will extend that far, to keep the soldiers' gaze away, equally naturally and logically from the Ferguson report, on the broadest public grounds.

Sir ROBERT BORDEN: I can sympathize with my hon. friend in his latter aspiration, particularly if the soldiers should be permitted to exercise their franchise.

Direct from the manufacturer.

Early in the course of the war I discussed the subject

of purchases, naturally in the first instance with the Minister of Militia; I discussed it also with the Minister of Naval Affairs, with the Minister of Trade and Commerce, and with other members of the Government who might be brought in one way or other more or less closely in touch with the purchase of supplies or materials out of the appropriation of \$50,000,000 which was made at the August session of Parliament. We laid down the doctrine which has been followed, as I understand, by the Minister of Militia, except in very exceptional cases, which has also been followed by my hon. friend the Minister of Trade and Commerce and by other members of the Government who have had to do with these purchases. The principle which we laid down and maintained was this: that we should purchase from the manufacturer or producer direct, and should avoid the services of middlemen and the increased cost to the country that would result from their services. I am speaking in the presence of my colleagues, who know how often this subject has been discussed between us, and who thoroughly understand the principle which the Government as a whole, and the Minister of Militia and the Committee of Council, have adhered to from first to last in this matter. After acting for a few weeks as Minister of Militia during the absence of my hon. friend (General Hughes) in September and October last, I wrote to him immediately on his return from Great Britain, as follows:

Ottawa, November 18, 1914.

Dear General Hughes,—When acting as Minister of Militia during your absence at Valcartier I instructed Colonel Fiset, Deputy Minister, that the use of outside agents and middlemen should be avoided and that contracts should be made directly with manufacturers so that any unnecessary commissions or increased prices might be avoided. This is undoubtedly the wise policy and is entirely in accordance with the principles laid down by our party during the years past. If for any good reason you may think it desirable in the public interest that a different course should be pursued in any particular instance by reason of conditions arising out of the war, I hope that you will first consult me as I consider the principle to be of prime importance.

Yours faithfully,

R. L. Borden.

Major General,
The Hon. Sam Hughes,
Minister of Militia,
Ottawa, Ont.

Maj.-Gen. Hughes' reply.

To this letter Major General Hughes replied:

Ottawa, November 21, 1914.

Dear Sir Robert,—Re the avoidance of outside agents and middlemen:

I heartily agree with your position and I have pursued it everywhere it was possible. In fact, in no instance has it been departed from excepting in relation to the Ford motor, and I have been repeatedly informed by that company that no matter whether we ordered one motor, or one thousand motors, they would not make any difference in price. However, I notified them, some time since, that they must recognise us, not as individuals, but as a Government. They have now offered to the department, free, one motor, fitted up as an ambulance, and I hope we will get them down to their proper position.

Regarding motor trucks, as you are aware, everything had to be done on the jump for the first contingent. For this contingent, we have appointed a committee to go into the whole matter.

I instructed them not only not to recognise any middleman but to refuse to recognise what they call their "Canadian Agency," that is an agency desirous of holding back ten or fifteen per cent in some cases for their Canadian agents. I have had them notified that these are not for use in Canada, therefore no Canadian, merely a middleman, is entitled to any consideration.

I may say that while in New York I secured the services of Major Owen Thomas, an English expert mechanical engineer, and he has been largely instrumental in showing us how to bring down prices to rock bottom. I am having other inquiries made and hope, in a few days, to be able to give you a rock-bottom report.

And now just a word on the purchasing, contracting and general business dealing of all our departments. Since my advent here I have, in the early days, watched my director of contracts with very much concern, and also his assistants. At the end of a very few months I was absolutely convinced that not only was he strictly honest and honourable, but he was as fair and judicious, in the interests of the people of Canada, as it is possible for a man to be. I have, therefore, placed implicit confidence in him, but have not relaxed in the slightest in my personal supervision.

Faithfully,

Sam Hughes.

Last autumn certain matters were brought to the attention of the Government which I deemed to be of grave concern. It was alleged that fraud or imposition had been practised upon the Government in the transactions mentioned; and it is only right that I should inform the House and the country as to the action we took in regard to them. The Minister of Customs (Mr. J. D. Reid) came to me in October, and told me that certain rumours were afloat as to one man in particular who had declared to
Personal.

his employers that he had been forced to pay \$500 as a political contribution in order that he might obtain an order from the Department of Militia and Defence. I wrote two letters on the day on which that came to my attention, one to the Minister of Customs and the other to the Solicitor General (Mr. Meighen). I will read these letters:

One crook fled the country.

Ottawa, October 19, 1914.

Dear Dr. Reid,—In view of your statement to me as to representations made by Messrs. J. D. King and Company, of Toronto, the following course should be taken: As I understand it Messrs. J. D. King and Company allege that in their endeavour to secure orders from the Department of Militia for shoes their representative, Mr. Acton, was forced to pay five hundred dollars and that it was represented to him that this contribution was for political purposes. According to information placed before me there is clear evidence of an intent to defraud the Government.

My attention has also been called by you to like allegations made by two other companies who desired to supply shoes to that department. You should communicate immediately with the Hon. Arthur Meighen, Solicitor General, and with Colonel Sherwood, commissioner of Dominion police and the whole matter must be thoroughly investigated. I am sending a copy of this letter to Mr. Meighen with the further instructions that any persons concerned in any such attempt are to be prosecuted to the utmost limit of the law.

Yours faithfully,
B. L. Borden.

On the same day I wrote to Mr. Meighen this letter:

Ottawa, October 19, 1914.

Dear Mr. Meighen,—The enclosed copy of a letter to the Hon. J. D. Reid explains itself. I desire that you make a thorough investigation of the apparent attempts to defraud the Government which have been disclosed to him. For this purpose you will obtain such assistance as may be necessary from Colonel Sherwood, commissioner of the Dominion police. The Minister of Justice should be consulted whenever you may think it necessary. You have my authority and direction to prosecute to the utmost limit of the law all persons who appear upon reasonable information to have been concerned in such attempt.

Yours faithfully,
B. L. Borden.

I was afterwards informed by Mr. Meighen that upon investigation—and if I am not stating these facts correctly, I hope the Solicitor General (Mr. Meighen) will correct me—the person who had represented this pay-

ment to have been made for political purposes had really put his employer's money into his own pockets. When we ascertained these facts a warrant was sworn out against him and he fled the country and has not since been heard from. Subsequently other matters were brought to my attention, and I wrote to Mr. Meighen exactly the same kind of letter, telling him, in addition, that in his endeavour to get at the bottom of such attempts to defraud the Government, he was to use all the powers of the law, employing the Chief of the Dominion Police and all the staff under his command, and to spare no expense for that purpose.

Penitentiary doors are yawning.

So far as these matters, or any other such matters, are concerned, what we propose to do in every instance is this—to investigate every suspicious case, and to exact restitution and punishment so far as the laws of this country will permit.

And let me say now, for the benefit of Parliament, and particularly for the information of persons throughout this country who may be concerned in selling supplies or materials to the Government, that if any man in Canada, be he Conservative or Liberal, proposes to commit any fraud or imposition upon the Government and people of this country, or to be concerned in any attempt for that purpose, especially in connection with the war vote, he should remember that there are courts of justice in this country, and that the doors of the penitentiary are yawning for every man who commits such an offence.

Now, in connection with supplies generally we have had under consideration more than once during the past two years a proposal to establish a general purchasing commission for all departments of this Government. I myself have discussed it with my colleagues, and I know that my colleagues have discussed it with the officers of their departments. No doubt hon. gentlemen on the other side of the House who were ministers and heads of departments know how difficult it is to get officials to agree that any such proposal is practicable or possible. Objections of one kind and another have been made, and nothing in that regard has been accomplished up to the present time, chiefly, if not altogether, for this reason; also owing to the fact that since we came into power the

sessions have been long and very arduous, and that during the past eight months the conditions of urgency have been such that it was absolutely impossible to take up that general question in any effective way. The Department of Militia and Defence was, of course, never organized for the enormous work that is cast upon it at the present time. I have seen the officers of that department, especially the director of contracts, in a state of mental and physical exhaustion that was really pitiful, because of the tremendous amount of work imposed upon them. I have brought the director of contracts into my own office and asked him whether it would not be possible now, even under the stress of this war, so to reorganize his department as to safeguard the health of the men who are working there sometimes eighteen hours a day, Sundays included; and also more adequately to protect the public interest. But the difficulty has been that these men are absolutely submerged by the stress of work which is imposed upon them, and have no opportunity to reorganize their department. So it has gone on, and they have had imposed upon them not only the additional work caused by the furnishing of the supplies necessary for the Canadian expeditionary forces, but also the necessity of dealing with enormous contracts which the British, French and Russian Governments desire to place in this country, the inspection and arranging and handling of which cannot be done very effectively except through the officers of the Department of Militia and Defence.

Conditions in England.

One can readily understand that persons may desire from time to time to practise fraud or impose exorbitant prices upon the Government through the very conditions which have arisen. I do not speak of that in a general sense, because I think that there are few people in Canada who would be guilty of anything so dishonest and unpatriotic. But we know that there are men who, even in time of war, will seek to make undue profits out of their business relations with the Government, even when all the people of the country are straining every effort and are inspired with the most patriotic desire to assist, and to sacrifice their own interests for that purpose. Let me point out to the House and to the country that this is not true of Canada alone; it is true

of all other countries as well; it is true wherever human nature is what it has been in the past and what it is likely to be in the future. I have before me an article which appeared in the London Times on March 23 last. It is given a very prominent place in that great journal; it occupies two columns, and I may be pardoned if I read a brief extract from it:

Is it not true to say that there is a most urgent call at the present time for satisfactory assurance that the money which is voted and the money which is given cannot flow too freely into the pockets of unscrupulous profit-seekers? It is the most natural and inevitable consequence of a system of "pay whatever has to be paid" and "have it done at once no matter what the cost" that excessive profit will be taken by some. There is no need to cite cases to prove that the evil exists, for no one doubts it; the disclosures which followed our last war are foundation enough for the general impressions which prevail in the minds of the people, and for suspicion which, perhaps, goes beyond what the facts warrant. The direct economic disadvantage is a serious matter, but the indirect results are of far more vital importance at the present time. It is not too much to say that this evil and the widespread suspicion it creates constitute a malignant growth which checks the free flow of blood to the nerve centres of our national effort.

It is desirable that I should state to the House the proposals of the Government as to further necessary safeguards in the expenditure of the appropriation of \$100,000,000 which has been made by Parliament. I recognize at once that it is the duty of the Government, in view of the character of that vote and of the wide discretion thus conferred upon the Government, to see that the utmost possible care is exercised and that every possible precaution is taken in order that not one dollar of this large amount shall be expended otherwise than wisely and economically.

Mr. Foster's defence.

But before I come to a statement of the measures which the Government propose to take for that purpose, I have another duty to perform which is of a painful character. It is one which, nevertheless, must be discharged, however disagreeable it may be. It is one of the penalties of occupying a prominent position in public life that a man may be called upon to perform duties which his every instinct, so far as his personal feelings are concerned, would shrink from. In connection with the two members of Parliament to whom I have already alluded in relation to their connection with these matters,

I think it is my duty to say a few words. I sent for Mr. A. De Witt Foster and asked him as to his connection with this matter, and why it was that he permitted himself to act as purchasing agent for the Government of this country. It is only fair that I should give to the House his side of the story, although I am bound to say that it was not satisfactory to me. He said that the county of Kings, N.S., which he represents in this Parliament, largely depends upon the apple crop; that there was no market for apples last autumn and that the people thought there might be some distress; that a great many persons in that county and elsewhere in Nova Scotia had horses which they might sell and that his constituents considered it unfair that horses should be purchased in other parts of the country where conditions were more fortunate than in the Annapolis valley and elsewhere in Nova Scotia, and that they should not be purchased in that province. He said that he went to Col. Neill, the principal veterinary officer, and told him of this, and that Col. Neill informed him that the horses were being provided elsewhere, that no horses could be purchased at that time in the Maritime Provinces; that the matter was very urgent; that horses had to be procured at once; that arrangements had to be made elsewhere and that they had been made elsewhere; and that was an end of it. On the following day, Colonel Neill telephoned him that some 600 horses were not forthcoming under the arrangements previously made, and that he would be very glad to have them purchased in the Lower Provinces; and he asked whether Mr. Foster would see that they were purchased with the least possible delay, and that the matter was urgent and it had to be done at once. Mr. Foster says he embodied the substance of that conversation in a letter which he addressed to Colonel Neill, and the next day he accepted the duties and proceeded to discharge them. So far as Mr. Foster's connection with the matter is concerned, it should be taken into consideration that he is a very young man, altogether inexperienced in business, and that he is not shown to have profited in any way by the transaction. But I am bound to say that his explanation to me of his undertaking the duty and his explanation—if it could be called an explanation—of his failure to supervise in the most careful manner the expenditure of that money and to bring back to the Government an exact account, with vouchers, of

every dollar that had been expended, must be regarded as far from satisfactory.

Such conduct objectionable.

As far as the member for Carleton (Mr. Garland) is concerned, I have already alluded to the purchases by Mr. Powell. Mr. Garland was formerly the owner of the business which is now carried on by the Carleton Drug Company, as I understand. The business was transferred to an incorporated company, and I think we may fairly assume, without doing any injustice to Mr. Garland, that he is the principal person interested and concerned in that company. He had in his employ this young man, who was devoting 12 or 14 hours a day to his duties and who received a salary of \$75 a month. He not only permitted, but he encouraged and assisted that young man to make a contract with the Government under which, within a few weeks, he acquired a profit of \$9,000. I cannot for one moment give my sanction or approval to a transaction of that character, because, to say the least, it is bound to arouse a very grave suspicion; and a member of Parliament, in respect of contracts with the Government, ought to keep himself absolutely above suspicion. Therefore, in respect of the hon. member for Carleton and in respect of the hon. member for Kings, N.S., I feel that I owe it as a duty to the Government of which I am the head, to the party of which, in federal affairs, I am the leader, and to this House and to this country, to express, as I do here express, my very grave disapproval of their conduct in respect of the matters which have been under investigation by the Public Accounts Committee.

I return to the question of what may be done by the Government to make it absolutely sure, that there shall be given to the people of this country every possible safeguard as to public expenditure. It is perfectly true that, so far as the investigation of the Public Accounts Committee is concerned, nothing has been disclosed—so far as I am aware and I speak subject to correction—in respect of transactions other than those which occurred during the first six or eight weeks of the war. But, nevertheless, I realize and I think all members of the Government realize, the Minister of Militia himself realizes, that that department was not organized to perform the enormous amount of work that is imposed upon it at present.

What has been the course taken by the Mother Country under similar conditions? In respect of such matters and in respect of other matters the course taken by the Government of the Mother Country has been to call to the aid of the Government the best business ability of the country. The business men of that country have responded and splendid results have been thus obtained. The Minister of Militia himself, it is only just to say, at least two or three months ago brought this question before Council and urged upon Council the advisability of having his department assisted in this regard by a committee of three business men. In respect of some other matters, the Minister of Militia has taken a course along that line which has brought about most excellent results. If the House will pardon me—my remarks have been extended beyond what I had at first contemplated—I wish to place before Parliament the record of what has been accomplished by the committee appointed in this country to fill orders which the British Government desired to place here, if they could be placed in Canada, for munitions of war. A committee was formed by the Minister of Militia in the early stages of the war, consisting at that time of Col. A. Bertram, Chairman; Thos. Cantley, Esq.; Geo. W. Watts, Esq.; E. Carnegie, Esq., representing the manufacturers; Col. T. Benson, Master General of Ordnance; Col. Greville Harston, Chief Inspector of Arms and Ammunition; and Lt.-Col. F. D. Lafferty, R.C.A., Superintendent of the Dominion Arsenal, representing the Department of Militia and Defence.

Report of the shell committee.

I have asked the chairman of that committee to prepare a report of their work for the purpose of showing what can be done by a business organization of this character through the co-operation of business men in this country. A report has been prepared by Mr. E. Carnegie, who has had experience in work of this kind in the Mother Country. He was appointed Ordnance Adviser of this committee. Having met him, I desire to bear my testimony to his ability and efficiency, which I think are very great. Col. Bertram and indeed all the members of the committee have brought great industry and zeal to the discharge of their duties. I would not care to read this memorandum, but if my right hon. friend would permit, I would like to

have it included in Hansard as part of my speech. The report comprises a great deal more than can be made public. The tables and statistics which were attached to it I have necessarily omitted, because we would not even ask the War Office for permission to publish them. I have struck out a few words in one place and made a few eliminations of matters that I thought, in the public interest, ought not to be made public. But, subject to that, I would like to give the report to the House, and I think hon. members will find it is of interest. The report is as follows:

REPORT ON THE FORMATION AND WORK OF THE SHELL COMMITTEE BY DAVID CARNEGIE, M.I.C.E., ORDNANCE ADVISER.

To Sir Robert Borden,
Prime Minister of Canada,
Ottawa, Ont.

INTRODUCTION.

Soon after the declaration of war, the hon. Minister of Militia, General Hughes, was asked by the British Government if he would place contracts on their behalf, for arms and ammunition, with the United States.

After having arranged certain contracts there for small arms, etc., he received an inquiry for 200,000 shrapnel shells, empty, in equal numbers of eighteen and fifteen-pounders.

Knowing that it would take about eleven years to complete such a contract in the Dominion arsenal with their existing equipment, he conceived the idea of utilizing the engineering factories throughout the Dominion for shell manufacture and immediately set in motion forces to accomplish this object.

It was with some reluctance that the manufacturers, at the call of the minister, responded to his suggestion, even though at that time many of their factories were practically idle.

The remarkable ability shown by the various manufacturers in converting their machine tools rapidly, to produce shells of the highest quality, not only surprised the Minister of Militia and those instructed by him to direct the manufacture, but convinced him that this new industry could be extended to the manufacture of the complete filled and fixed ammunition, including the shells, brass cartridge cases, primers, clips, cordite, powder, pellets and fuses. As a matter of fact, within a phenomenally short period, all these different parts, excepting the fuses (which are about to be manufactured), are now being produced in Canada, giving labour to thousands of men in different parts of the Dominion who would have been otherwise out of employment.

Details of the committee's formation, constitution and operation are given in the following pages. Tabulated facts of the materials used in the contracts and their value are also recorded together with note on the progress and nature of the work involved in the various contracts handled by the committee.

2.—FORMATION OF THE COMMITTEE.

Before actually forming the committee, the Minister of Militia asked Colonel Greville Harston and Lt. Colonel F. D. Lafferty, to get in touch with all manufacturers in Canada, who they thought could make the component parts for shrapnel shells. He particularly emphasized his desire to have the steel manufactured in Canada.

As a result, the following manufacturers were called to Ottawa to meet General Hughes, on the 2nd of September, 1914:

Col. A. Bertram, of Messrs. J. Bertram Son & Co., Dundas, Ontario; Geo. W. Watts, Esq., of the Can. Gen. Elec. Co., Toronto, Ontario; The Ingersoll Rand Drill Co., of Sherbrooke, Que.; Go'die, McCulloch Co of Galt, Ont.; E. Carnegie, Esq., of the Electric Steel & Metals Company, Ltd., Welland, Ont.

At a meeting of the above, the whole question was fully discussed. Lt. Col. Lafferty described in detail the manufacture of the shells and their component parts, and Col. Greville Harston dealt with the system of inspection. Draw-

ings and specifications were shown and explained, after which the meeting assured the minister that the work could be done in Canada.

On the 8th of September, 1914, at a meeting held by the minister at the Dominion Arsenal, the following committee was appointed to organize the work throughout the Dominion:

Colonel A. Bertram, Chairman; Thos. Cantley, Esq., Geo. W. Watts, Esq., E. Carnegie, Esq., representing the manufacturers; Colonel T. Benson, Master General of Ordnance; Colonel Greville Harston, C. I. Arms and Ammunition; Lt.-Col. F. D. Lafferty, R.C.A., Superintendent of the Dominion Arsenal, representing the Department of Militia and Defence.

Lt.-Col. Lafferty undertook the technical instruction of the manufacturers in shell construction, and it was decided that the examination and inspection would be carried out by the chief inspector of arms and ammunition.

About two weeks after the organization of the committee, Mr. David Carnegie, of London, Eng., was appointed by the minister as ordnance adviser to the shell committee.

When it is recalled that at the time in question, the Minister of Militia was engaged in the colossal task of raising, training and equipping a contingent of Canadians for the "front," it is remarkable that he should have found time to think of the many factories throughout the Dominion which were idle and to devise such an efficient means of helping them and the British War Office. It is somewhat flattering to find that the British Government has recently followed similar plans for utilizing the manufacturers throughout England for the manufacture of shells.

The minister in selecting manufacturers to work with officers of his own department, combined the commercial and technical ability requisite and the results of his choice have proved eminently successful.

To Colonel Bertram belongs the praise for the harmonious and efficient work of the committee.

3.—WORK OF THE COMMITTEE.

The work of the committee in the early stages was that of formulating definite plans of procedure. They determined that, as far as possible, all the materials employed in the shells would be made in Canada; up to that time, for instance, no Canadian steel had been used for the production of ammunition.

To Colonel Cantley the committee is under obligation for having rapidly installed and equipped plant for producing the first steel made in Canada for shell manufacture.

With the exception of the copper bands all parts of the shells now produced are made in Canada, and it is hoped that, before long, these also will be included amongst the Canadian industries.

Another important decision made by the committee was to supply to the shell assembling manufacturers, all the component parts of shells, free of charge. By this means many of the smaller manufacturers have been relieved of the financial strain of carrying a heavy stock of raw materials.

It was also decided that uniform prices would be paid for the same articles, thus eliminating unhealthy competition with its risks of faulty workmanship.

Perhaps an equally important decision was the appointment of an inspection company to deal with all shell components; this has taken the entire responsibility of inspection from the shell assembling manufacturers and has also given the shell committee the opportunity of satisfying themselves beyond any doubt that the component parts of shells are correct before the finished shell passes into the hands of the Government inspector.

Many other minor details regarding insurance, shipping, financing, etc., were decided, which have proved to be of great help in carrying on the work of the committee.

4.—EXECUTIVE WORK.

The executive work of the committee has been very wisely entrusted to the chairman, Colonel Bertram, who reports weekly to the Minister of Militia and also to the committee when it meets (which is usually monthly) or more often, at the call of the minister.

The work consists of controlling what might be regarded as a huge combination of factories, in which various contracts are being executed to British War office specifications, which entails constant attention and queries regarding the selection of suitable factories, the placing of contracts, instructing manufacturers in the art, inspecting the parts made, and the payment and auditing of accounts, etc.

Before contracts are placed, the ability of the firm to carry out the work is fully investigated. If there is any question as to their plant being unsuitable, a competent inspector is sent to report upon the state of the factory.

To safeguard the interests of the committee and to insure the work being carried out in accordance to promise, contracts are placed subject to cancellation, if not carried out promptly.

Each manufacturer is supplied with a set of inspection gauges as a guide in making the manufacturing gauges required. They are kept to check the working gauges and are the property of the committee.

The preparation of drawings of the gauges for the various component parts of the different shells manufactured and the preparation of gauges and their distribution and use involve a considerable amount of labour.

The inspection of the various component parts, including the analyses of material, various physical tests calling for the employment of over 146 inspectors, besides four chief inspectors, show in some measure the nature and extent of this part of the work. Most of the inspectors employed are experienced machinists and tool makers who can be trusted to carry out the work thoroughly.

The final inspection of the finished shell is carried out by an army of nearly 200 examiners and district inspectors, under the direction of the chief inspector of arms and ammunition.

On receipt of a certificate that the shells have passed examination and have been packed ready for shipment, payment is made to the manufacturer.

A chartered accountant recommended by the general manager of the Bank of Montreal checks the accounts of the committee every month. These are then forwarded to Mr. J. W. Borden, chief accountant for the Militia Department. It might be said in passing that the committee's accountant has expressed himself in gratifying terms of the highly efficient way in which the accounts of the committee are kept.

5.—SHELL CONTRACTS.

When it became generally known that shells were being manufactured successfully, the demands for contracts from all classes of manufacturers were very numerous, and it became necessary to inspect the factories to decide which were suitable for undertaking the work. Visits were made to them and it was found that a large number of additional factories could be usefully employed.

The ordnance advisor reported this matter and indicated how many more shells could be undertaken. The Minister of Militia called a meeting of the committee at Ottawa and, after discussing the matter, cabled to Lord Kitchener, pointing out that much larger contracts could be undertaken by the manufacturers in Canada. He emphasized the fact that many works were standing idle in the Dominion, while contracts were being placed in the United States for shells by the British War Office. This resulted in additional contracts for 18-pr. fixed ammunition, complete without fuses and empty 18-pr. shrapnel shells.

It was proposed by several of the manufacturers that a deputation from the committee should be sent to the War Office, London, to put their claims before the Secretary of State for War. The Minister of Militia decided, on the recommendation of the committee, to send Mr. David Carnegie, as he was familiar with the whole situation. It was also decided that he should visit Woolwich Arsenal and obtain the latest information on the various details in the manufacture of complete ammunition.

The result of his visit has been fully reported to the Minister of Militia, but it might be briefly stated here that the War Office officials did not fully understand the nature and importance of the committee's work, and had no idea that the factories in Canada were capable of undertaking such contracts, until these facts were placed before them.

Mr. Carnegie presented to the Master-General of the Ordnance, General Sir Von-Donop, K.C.B., one of the first shrapnel shells made entirely of Canadian materials, excepting the copper band. He also informed the various officials at the War Office that it was the intention of the Minister of Militia and his committee, to make ultimately the copper bands in Canada. As a result of this visit, several additional large contracts have been placed with the committee.

The only material not made in Canada is copper, which, however, is mined and smelted in the Dominion and subsequently sent to the United States for refining.

6.—MISCELLANEOUS.

In addition to the foregoing, the Minister of Militia, through his committee has made several investigations for the War Office in connection with the supply of propellants and high explosives. An investigation was undertaken regarding the supply of Nitro-cellulose powder by a large firm in the United States. Other matters have been investigated, such as the supply of rifles and ammunition for the Rumanian Government.

7.—THE MANUFACTURE OF TRI-NITRO-TOLUENE.

In addition to the manufacture of several thousand tons of cordite and powder in connection with the present contracts for shells, the Minister of Militia has been instrumental in initiating a new industry in Canada, viz; the utilization of the by products from the coke ovens of the Dominion Iron and Steel Company, at Sydney, N.S., for the manufacture of the high explosive, Tri-nitro-toluene. The revenue alone from the contract placed with this company will be nearly three million dollars; but the value of having such an industry in Canada far outweighs any money value which can be named.

In conclusion, it is gratifying to relate that the quality and finish of the shells, cases, etc., made in the Dominion, are equal to, if not better than the British shells.

(Sgd.) The Shell Committee,
Alex. Bertram,
Chairman.

It must certainly be conceded that the results thus obtained by the formation of this committee are most gratifying.

What do we propose to do? We propose, as soon as this Parliament prorogues, to take up the question of the purchase of supplies under the appropriation of \$100,000,000, and we propose to have a commission appointed of either one man or three men—I have not yet decided whether it would be better to have one or three—deal with the whole question. If we select one man we shall endeavour to get the best available business man in Canada for the purpose. If we select three men, the same qualifications will be required of them. We will get the very best that are available. We will select those men without regard to any consideration at all except to employ men of the ripest experience, the highest ability and most perfect integrity. Having selected that one man or those three men, we shall confide to them the whole direction and control of all supplies which are to be purchased under the appropriation of \$100,000,000.

We believe that in that way we shall be able to safeguard most thoroughly and effectively the public interests of this country. We realize that the country is doing and has done its duty in the splendid response which is being made to the call for men, and in the magnificent patriotic fund which has been collected from all parts of the country for the purpose of providing for their dependents. We realize that the response to the call to arms is all the more impressive and important because it has been given freely and voluntarily. Parliament has also done its duty in giving to the Government a vote of \$100,000,000 for carrying on the war. It remains for the Government of the country to do its duty; that is, to take such means and to employ such safeguards as will result in the wise



and economical and efficient expenditure of that sum of \$100,000,000, to the end that not one single dollar of it shall be lost or wasted, so that we may be enabled at another session of Parliament to give an account of our stewardship which shall commend itself not only to the members of this Parliament, but to the people of this country from the Atlantic to the Pacific.